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COMMISSIONERS GARY PIERCE- Chairman

BOB STUMP

SANDRA D. KENNEDY

IN THE MATTER OF THE APPLICATION OF

FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING

ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE

SCHEDULES DESIGNED TO DEVELOP

PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE

PAUL NEWMAN

BRENDA BURNS

SUCH RETURN

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Arizona Corporation Commission

DOCKETED

DEC 1 9 2011

DOCKET NO. E-01345A-11-0224

STAFF'S NOTICE OF FILING ERRATA

The Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") hereby provides Notice of Filing the following corrections to the Direct Testimony of Michael J. McGarry, Sr. filed on November 18, 2011: Errata Pages 23 and 24 of the Direct Testimony and Errata Schedules 1 through 3 of Exhibit MJM-3. Staff Witness McGarry inadvertently filed a working draft of Table 1 on page 24 of his Direct Testimony and made several rounding errors in his calculations in Schedules 1 through 3 of Exhibit MJM-3. The resulting corrections slightly change the total balance reflected in column (f) of Table 1 (from \$14,929 to \$15,211) and have no impact on the overall conclusions reached by Mr. McGarry.

RESPECTFULLY SUBMITTED this 19th day of December 2011.

Maureen A. Scott, Senior Staff Counsel

Charles H. Hains, Attorney

Janet Wagner, Assistant Chief Counsel

Scott Hesla, Attorney

Legal Division

Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007 (602) 542-3402

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1	Original and thirteen (13) copies	
	of the foregoing filed this	
2	19 th day of December 2011 with:	
	19 day of December 2011 with.	
3	Docket Control	
	Arizona Corporation Commission	
4	1200 West Washington Street	
į	Phoenix, Arizona 85007	
5	1 Hooma, 1 Hizona 05007	
	Copies of the foregoing mailed this	
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Kaupe Christine

Direct Testimony of Michael J. McGarry, Sr. Docket No. E-01345A-11-0224 Errata Page 23

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A.

procurement practices?

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Q Have you calculated the impact for a period when there was an under collection?

Is this a reasonable amount to assume for incentive purposes to promote prudent fuel

Yes. The roughly \$9 million in interest is only half the penalty paid by the Company

under the 90/10 sharing provision in 2006 and 2008, and only one third the penalty of

2007. Additionally, in 2010 under the 90/10 sharing provision, ratepayers were harmed

by having to give up \$14.5 million (10 percent of the Company's over collection). Had

my recommended interest incentive been in place, ratepayers would instead have received

A. Yes.

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Q What was the result of that analysis?

\$9 million in interest.

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23 24 Table 1 on the following page shows the impact of my proposed methodology for the three years 2008 through 2010. The Forward and Historical Tracking Accounts for 2008 revealed an under collection balance, while 2009 and 2010 were both years of over collection of base fuel costs. Customers would have owed the Company \$1.061142 million less in 2008 associated with the under collection of base fuel costs. Customers would have been paid an additional \$4.557673 million and \$9.411396 million in 2009 and 2010, respectively, with the change in interest on the over collections in those two years. Based on this illustration using my proposed methodology, customers would have benefitted \$15.029211 million over the three years. Details of my calculations are included as Exhibit (MJM-3) Schedules 1 (2010), 2 (2008), and 3 (2009).

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Table 1: Effect on PSA Balance with Proposed Interest Rates

Line No	Year	Federal Treasury Rate	APS Short- Term Debt	Difference	Approved ROE	Change to Collection Balance favoring Ratepayers
	(a)	(b)	(c)	(d)	(e)	(f)
1	2008	3.17%	2.24%	-0.0093	10.75%	\$ 1,061 1,142
2	2009	0.37%	1.09%	0.0072	10.75%	\$ 4,557 4,673
3	2010	0.45%	0.84%	0.0039	11.0%	\$ 9,311 9,396
4					Total	\$ 14,929 15,211

Q Is your recommendation concerning PSA interest rate being used in any other jurisdiction?

While I do not know how many jurisdictions are using this interest rate structure for their A. fuel cost trackers, I do know that it is being used for utilities with fuel cost trackers in Michigan.46

Q Please summarize your recommendation involving the change in PSA application of interest.

To reflect more accurately the cost of money and to encourage the Company to minimize A. over collections, the interest applied monthly to PSA over and under collections should be done in the following manner: (1) for over collections, the interest rate applied should be the greater of the most recently Commission-approved rate of return on equity or the Company's average short-term borrowing rate available to the Company for the year, and (2) for under collections, the interest rate applied should be the lesser of the most recently Commission-approved rate of return on equity or the Company's average short-term borrowing rate available to the Company for the year.

⁴⁶ Michigan Compiled Laws (MCL) 460.6(j)(16).

Arizona Public Service Analysis of Staff's Proposed Interest Rate Calculations Monthly PSA Balance - 2010 (\$in thousands)

CHART 1a: Based on January 28, 2011 PSA Report, p.6 of 7

		Annual Se	ept. Rate													Total
Line		Interest	e do	cel.	4	Mar	Apr	Мау	Jun	Jul	Aug :	Sep	Oct	Nov	Dec	Interest
Š	No. Description		(c)	(p)	(e)	ε	(6)	(h)	ε	6	(K)	(1)	(m)	(0)	(a)	<u>Э</u>
+	Forward Component Tracking Account Beginning Balance			91	\$ (18,579) \$	\$ (121,62)	(39,541) \$	\$ (29,171) \$ (39,541) \$ (49,700) \$ (53,223) \$ (49,996) \$ (42,041) \$ (28,828)	(53,223) \$(49,996) \$(12,041) \$(2	8,828) \$(1	\$ (18,908) \$	(23,132) \$	\$ (33,753)	
2 6	np Tracking Acct	0.4521% (0.5069%	\$ 66,586 \$	\$ - 0.0377%	s - 0.0377%	\$ -	* - * 0.0377% 0.0377%	0.0377% 0.0377% 0.0377% 0.0422%	0 %272%	0377% 0.	0422% 0.	0.0422%	0.0422%	0.0422%	
η 4	Monthly Interest Monthly Interest			\$ (7) \$ (11) \$ (15) \$ (19) \$ (20) \$ (19) \$ 4/15 1700 \$ (130) \$	(7) \$	(11) \$	(13.340) \$	(19) \$ (6.751) \$	(20) \$	(19) \$ 2,649 \$	\$ (16) \$ \$ 7,876 \$	(11) \$ (7) \$ (4,654 \$ (8,783) \$	(7) \$ 8,783) \$	(9) \$ (13) (13,958) \$(20,560)	(13) (20,560)	
ın ı	Post-Sharing (Over)/Under Collection		, 5	\$ 3.159 \$	(3,369) \$	(3,494) \$	(3,196)	(3,369) \$ $(3,494)$ \$ $(3,196)$ \$ $(3,247)$ \$ $(4,348)$ \$ $(5,324)$ \$ $(5,353)$ \$ $(5,278)$ \$ $(4,566)$	(4,348) \$	(5,324) \$	(5,353) \$ (5,278) \$ (4,566) \$	(3,345) \$ (3,692)	(3,692)	
7 0	Collections Ending Balance with Interest		1-"	\$ (18,579) \$ (29,171) \$ (39,541) \$ (49,700) \$ (53,223) \$ (49,996) \$ (42,041) \$ (28,828) \$ (18,908) \$ (23,132) \$	(29,171) \$	(39,541) \$	\$ (00,700)	(53,223) \$	(49,996) \$(42,041) \$(28,828) \$(1	8,908) \$(2	3,132) \$	(33,753) \$(50,635)	50,635)	
	Historical Component Tracking Account		·	\$ (13 778) \$ (78 090) \$ (72 871) \$ (68.087) \$ (63,438) \$ (58,427) \$ (52,365) \$ (44,557) \$ (36,650) \$ (28,912) \$	\$ (080.02)	(72.871) \$	(68,087)	(63,438) \$	(58,427) \$(52,365) \$(14,557) \$ (3	(9,650) \$	8,912) \$	(22,229) \$(16,909)	(16,909)	
	Beginning Balance Xfers fr/ 2009 For Com Tracking Acct			\$ (985,99) \$	**	•		•		•	•	67 t	6 5 €	•		
01	Xfers fr/ Old PSA & Surcharge Accts				,	•	•	· 600	* 65.50	* , , , , ,	* 9446	, אַרנייַ	* "	\$ - 0.0473% 0.0472%	0422%	
11	Rate¹	0.4521%	0.5069%	0.0377%	0.0377%	0.0377%	0.03//%	0.0377% 0.0377% 0.0377% 0.0377% 0.0377% 0.0377% 0.0377% 0.0377% 0.0377% 0.0422.% 0.0	0.03//20.U	(22) \$ (20) \$ (17) \$ (14) \$ (11) \$.0 % (71)	(14) \$	(11) \$	\$ (8)	(9)	
12	12 Monthly Interest		. •	(30) \$	(30) \$ (2,24) \$ (4,81) \$ (4,675) \$ (5,035) \$ (6,084) \$ (7,827) \$ (7,924) \$ (7,753) \$ (6,694) \$	(4.811) \$	(4,675) \$	\$ (5:032)	(6,084) \$	(7,827) \$	(7,924) \$ (7,753) \$	6,694) \$	(5,328) \$	\$ (5,121)	
Z 7	Collections Ending Balance with Interest		1 "	\$ (78,090) \$ (72,871) \$ (68,087) \$ (63,438) \$ (58,427) \$ (52,365) \$ (44,557) \$ (36,650) \$ (28,912) \$ (22,229) \$	(72,871) \$	(68,087) \$	(63,438) \$	(58,427) \$	(25,365) \$	44,557) \$(36,650) \$(2	(3,912)	\$ (622'5)	\$ (606'91)	\$ (11,794)	
15	15 Combined Balance		173	\$(96,669) \$(102,042) \$(107,628) \$(113,138) \$(111,649) \$(102,360) \$(86,599) \$(65,479) \$(47,819) \$(45,360) \$	(102,042) \$1	107,628) \$	(113,138) \$	(111,649) \$	102,360) \$	\$ (665'98	55,479) \$ (4	17,819) \$ (5,360) \$	(50,663) \$ (62,429)	(62,429)	
16	16 Combined Monthly Interest		1	\$ (08) \$	(36) \$	\$ (88)	(41) \$	(43) \$	(42) \$	\$ (68)	(33) \$	\$ (92)	(18) \$	(17) \$	\$ (61)	(385)
i																

CHART 1b: based on Chart 1 above except Interest recalculated at proposed rates

			INT	778)	396)
			TOTAL INT	6) \$	¢) \$
Dec	(26,140) \$ (36,992) - \$. 0,9167% 0,9167% (240) \$ (339) (13,958) \$ (20,560) (3,345) \$ (3692) (36,992) \$ (54,200)	(27,615) \$ (22,540)	71,825)	(493) \$ (546) \$ (9,778)	(476) \$ (526) \$ (9,396)
	40) \$ (0, 10) \$	15) \$ (- \$ - \$ 7% 0 53) \$ (40) \$ (33) \$(\$ (66	\$ (92
Nov		7.	\$(97,375) \$(103,604) \$(110,102) \$(116,580) \$(116,117) \$(107,851) \$(93,039) \$(72,739) \$(55,721) \$(53,755) \$ (59,533) \$(71,825)		
	724) \$ - \$ 57% 87% 199) \$ 783) \$ 140) \$	997) \$ - \$ 67% 312) \$ 694) \$	\$ (552	511) \$	493) \$
Oct	\$ (21,7) \$ (0.91) \$ (8,7) \$ (8,7) \$ (6,7) \$ (26,7)	\$ (33,9 \$ (0,91) \$ (6,6) \$ (6,7,7)	\$(53,	;) \$ (·) + (
Sep	\$ (65,866) \$ (18,579) \$ (29,334) \$ (39,962) \$ (50,473) \$ (54,439) \$ (51,691) \$ (44,192) \$ (31,368) \$ (21,724) \$ \$ 65,586 \$	\$(13,728) \$ (78,736) \$ (74,270) \$ (70,139) \$ (66,107) \$ (61,678) \$ (56,160) \$ (48,847) \$ (41,371) \$ (33,997) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	(55,721	\$ (736) \$ (893) \$ (1,009) \$ (1,009) \$ (1,064) \$ (989) \$ (883) \$ (667) \$ (511) \$	(969) \$ (1,026) \$ (1,022) \$ (950) \$ (820) \$ (641) \$ (493) \$
Aug	167% 167% (405) \$ (7,876 \$ 5,353) \$ (1,368) \$	3,847) 9 - 6 167% (448) 9 (7,924) 9 1,371) 9	2,739)	(823)	(820)
٨	1) \$ (4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4	9 \$ (4) 9 \$ (4) 9 \$ (4) 9 \$ (4)	2) \$ (6	\$ (6	\$ (0
Jul	0.9167 (47. (5,32 (44,19	(56,16 0.9167 (51 (7,82 (48,84	: (93,03	86) \$	(95
Jun	(439) \$ - \$ - \$ (499) \$ (499) \$ (491) \$ (691) \$,678) \$ 167% (565) \$ (084) \$,851)	,064)	\$ (220'
ñ	\$ (54 \$ (54 \$ (51 \$ (51	\$ (61 \$ 0.9 \$ (56	\$(107	\$	\$
Мау	(50,473) 1.9167% (463) (6,751) (54,439)	.9167% (606) (606) (61,678)	(16,117)	(1,069)	(1,026)
	62) \$ (62) \$ (72% 66) \$ (66) \$ (40) \$ (73) \$ (73) \$ (73)	39) \$ (- \$ - \$ 7% (43) \$ 07) \$ (80) \$ (1	\$ (60	\$ (69
Apr	\$ (39,9 0,916 \$ (13,3 \$ (50,4	\$ (70,1 \$ 0.916 \$ (4,6 \$ (66,1	\$ (116,5	\$ (1,0	
Mar	\$ (66,586) \$ (18,579) \$ (29,334) \$ (39,962) \$ \$ \$ 66,586 \$ - \$. \$. \$. \$. \$. \$. \$. \$. \$.	4,270) - 167% (681) 4,811) 0,139)	0,102)	(026)	(911) \$
Σ	\$ (2 \$ (2 \$ (4 \$ (4 \$ (4 \$ (4 \$ (4) \$ (5) \$ (5) \$ (6) \$ (6)	\$ 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	t) \$ (11	\$	\$ (958)
e G	0.9167 (13,954 (13,954 (29,334	(78,796 0.9167 (72,245 (74,27)	(103,60	(88	
_	\$ (66,586) \$ \$ 66,586 \$ \$ 0.9167% \$ \$ (15,420) \$ \$ 3.159 \$ \$ (18,579) \$	\$ (13,728) \$ \$ (66,586) \$ \$ \$ 0.9167% \$ \$ (736) \$ \$ \$ (7254) \$ \$ \$ (7254) \$ \$ \$ \$ (7879) \$ \$ \$ \$ (7254) \$ \$ \$ \$ \$ (78796) \$ \$ \$ \$ \$ (78796) \$ \$ \$ \$ \$ \$ (78796) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	375) \$	736) \$	(706) \$
ı Jan	\$ (66,586) \$ 66,586 \$ 0.9167% \$ 15,420 \$ 3.159 \$ (18,579)	\$ (13,728) \$ (66,586) \$ - 0.84% 0.9167% \$ (736) \$ (2,254) \$ (786)	\$ (97,	4	\$ (706)
Short Term Debt	0.84%	0.84%			Chahietica
ROE Sh Rate	11.00%	11.00%			Occopy of any or property of the property of t
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	Trackir p Tracki der Coll erest	Historical Component Tracking Account Beginning Balance Tracking Act Mers fty 2009 For Com Tracking Act Mers fty 2008 Surcharge Acts Monthly Interest Rate ² Monthly Interest Collections Collections Ending Balance with Interest Ending Balance with Interest Ending Balance with Interest		rest	
	ice lst Com t Rate ² t ver)/Un	uponeni ice or Com A & Surr t Rate ² t	ē	hly Inte	
	d Comp ng Balan 2009 H Interes Interes aring (O	cal Com og Balar 2009 F Old PS, Interesions	ed Balar	ed Mont	:
	Forward Component Tracking Account Beginning Balance Xrers to 2009 Hist Comp Tracking Acct Monthly Interest Rate* Monthly Interest Rate* Monthly Interest Post-Sharing (Over)/Under Collection Collection Ending Balance with Interest	Historical Component Tracking Ac Beginning Balance Xfers KT 2005 For Com Tracking Acd Kres Ff, Old PSA & Sucharge Acdts Monthly Interest Rate ² Monthly Interest Collections with Interest	31 Combined Balance	32 Combined Monthly Interest	
	17 18 7 19 19 19 19 19 19 19 19 19 19 19 19 19	24 E 25 X 26 X 27 Z 28 Z 29 G 29	31 (32 (

¹ one-year knownal Tressury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15
² Authorized Rate of Return on Equity or short term debt rate
Short term debt rate obtained from Company 10-Ks

Arizona Public Service Analysis of Staff's Proposed Interest Rate Calculations Monthly PSA Balance - 2008 (\$ in thousands)

CHART 2a: Based on December 31, 2008 PSA Report, p.11 of 12

	Total	Interest	<u>Э</u>																		TOTAL INT \$ 1,114	
		Dec I	<u>a</u>		14,304	,	0.2642%	38	\$ (10,832)	5,958	(2,448)		18,703	,		0.2642%	49	2,125	16,627	\$ 14,179	T0	
		Nov	<u>©</u>		\$ 31,773 \$	1	0.2642%	84 4		6,212	\$ 14,304 \$		\$ 20,844		,	0.2642%	22 4	\$ 2,196	\$ 18,703	1	139	
		ot	Œ,		\$ 41,535		0.2642%	110	\$ (2,476) \$ (11,341)	7,396	31,773		\$ 23,406 \$,	,	0.2642%	62 3	2,624	\$ 20,844	\$ 52,616 \$ 33,007	172	
		Sep	€		\$ 38,499	···	0.2642%			\$ 8,746	\$ 41,536		\$ 26,441	··	•	0.2642%	202	\$ 3,105	\$ 23,406	\$ 64,942	131 \$ 172 \$ 172 \$	
		Aug	3			, (0.2642%	\$ 53	\$ 27,719	\$ 9,200	\$ 38,500		\$ 29,629	·	ı	0.2642%	\$ 78	\$ 3,266	\$ 26,441	\$ 64,941	\$ 131	
		Jol	ŝ		\$ (9,300) \$ 19,928	·	0.2642%	\$ (25)	\$ 38,259	\$ 9,008	\$ 19,926		\$ 32,740	·	·	0.2642%	\$ 86	\$ 3,198	\$ 29,62	\$ 49,555	\$ 62	
		Jun	Ξ		\$ (33,983)	·	0.2642%	(06)	\$ 32,109	\$ 7,337	\$ (9,301) \$ 19,926		\$ 35,252	·	·	0.2642%	\$ 93	\$ 2,605	\$ 32,740	\$ 23,440	3	
		Мау	Ē		\$ (33,695) \$ (33,983) \$	·					\$ (33,983) \$		\$ 37,271	, (7	· \$	0.2642%	\$ 98	\$ 2,117	\$ 35,252	\$ 1,269 \$ 23,440 \$ 49,555	6 \$	
		Apr	(6)		\$ (25,095)	, 10	0.2642%	(99) \$	2 \$	\$ 5,690	\$ (33'695)		\$ 39,190	·	•	0.2642%	\$ 104	\$ 2,023	\$ 37,271	\$ 3,575	\$ 37	
		Mar	Œ		(6,663)	, \	0.2642%	\$ (26)	\$ (9,818)	\$ 5,588	\$ (25,095)		\$ 41,066	•	, to	0.2642%	\$ 108	\$ 1,984	\$ 39,190	\$ 14,096 \$ 3,575	\$3 \$3	
		Feb	(e)		\$ 43,023	\$ (43,023)	0.2642%	· •	\$ (3,720) \$	\$ 5,942	(3,662)		ı U	\$ 43,023	\$ 124	0.1500%	\$ 65	\$ 2,146	\$ 41,066	\$ 31,404	\$ 65	
		Jan	(p)		\$ 40,010	·	0.3858%	\$ 154	\$ 2,858	·	\$ 43,022		·	· *	, \$	0.1500%	•	٠	·	\$ 43,022	\$ 154	
l Jan	ب	Change	(2)				3.1700% 4.6300%				•					3.1700% 1.8000%			1	•	1	
Annual	Interest	Rate	(q)	g Account		ing Acct	3.17009		ection			ing Account	ı	g Acct	ccts	3.17009						
			(a)	nent Trackin		Comp Tracki	ate¹		r)/Under Coll	:	th Interest	nent Tracki		Com Tracking	Surcharge A	ate¹			th Interest		Interest	
		ription	۳	Forward Component Tracking Account	Beginning Balance	Xfers to 2009 Histl Comp Tracking Acct	Monthly Interest Rate	Monthly Interest	Post-Sharing (Over)/Under Collection	Collections	Ending Balance with Interest	Historical Component Tracking Account	Beginning Balance	Xfers fr/ 2009 For Com Tracking Acct	Xfers fr/ Old PSA & Surcharge Accts	Monthly Interest Rate	Monthly Interest	Collections	Ending Balance with Interest	15 Combined Balance	16 Combined Monthly Interest	
	ě	No. Description		Forv	Begin	Xfers	Month	. Month	Post-	Collec	, Endin	Histo	3 Begin	Yfers	0 Xfers	1 Mont	_	13 Collec		5 Comb	5 Comb	
	Line	ž			-	7	נייו	4	S	9	_		σ,	S	Ä	Ŧ	-i	֒	14	=	ï	

CHART 2b: Based on Chart 1 above except Interest recalculated at proposed rates

Apr May Jun Jun Aug Sep Oct Nov Dec 2) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 \$ 37,763 \$ 40,769 \$ 30,973 \$ 13,478 \$ 5 \$ 40,769 \$ 30,973 \$ 13,478 \$ 13,478 \$ 13,478 \$ 13,478 \$ 13,478 \$ 15,687% \$ 1867% <th>\$40,010 \$ 42,943 \$ (9,62) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 \$ 37,763 \$ 40,769 \$ 30,973 \$ 13,478 9 40,010 \$ 42,943 \$ (9,62) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,958) \$ 10,208 \$ 10,20</th> <th></th> <th></th> <th></th> <th>۳.</th> <th></th>	\$40,010 \$ 42,943 \$ (9,62) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 \$ 37,763 \$ 40,769 \$ 30,973 \$ 13,478 9 40,010 \$ 42,943 \$ (9,62) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,958) \$ 10,208 \$ 10,20				۳.	
Apr May Jun Aug Sep Oct Nov Dec 2) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 \$ 37,763 \$ 40,769 \$ 30,973 \$ 13,478 \$ 37,763 \$ 40,769 \$ 30,973 \$ 13,478 8% 0.8958% 0.8958% 0.1867% 0.1	acking Account 4 40,010 \$ 42,943 \$ (9,662) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 \$ 37,763 \$ 40,769 \$ 30,973 \$ 13,478 - \$ (40,242) \$ (24,243) \$ (9,628) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ (1867% 0.1				OTAL IN1 \$ (28)	\$ (1,142) \$ (1,142)
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2) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 \$ (0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.1867% 0.18	acking Acct 10.75% 2.24% 0.1867% 0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.1867% 0.18	ł	0 % 0 G 0 E	100 miles 100 miles	*	\$
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2) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 \$ (0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.1867% 0.18	acking Acct 10.75% 2.24% 0.1867% 0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.1867% 0.18		E , %0 H 9 0	2 2 2 8 5 2 2	9 6	5
2) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 \$ (0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.1867% 0.18	acking Acct 10.75% 2.24% 0.1867% 0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.8958% 0.1867% 0.18	Sep	37,76 37,76 31,1867 11,68 8,74 40,76	26,20 3,10 23,15	63,92	(5
2) \$ (25,155) \$ (33,914) \$ (34,417) \$ (9,953) % 0.8958% 0.8958% 0.8958% 0.8958% 7) \$ (225) \$ (304) \$ (308) \$ (89) 8) \$ (2344) \$ (364,417) \$ (9,953) \$ (89) 8) \$ (2344) \$ (364,417) \$ (9,953) \$ 19,208 8) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 8) \$ (33,914) \$ (34,417) \$ (9,953) \$ 19,208 1 \$ 39,094 \$ 37,144 \$ 35,096 \$ 32,557 2 \$ 73 \$ 69 \$ 66 \$ 61 4 \$ 2,023 \$ 2,117 \$ 2,605 \$ 3,198 4 \$ 37,144 \$ 35,096 \$ 32,557 \$ 29,420 9 \$ 3,230 \$ 679 \$ 22,603 \$ 48,628 0) \$ (152) \$ (234) \$ (244) \$ (246) \$ (90) 3) \$ (190) \$ (244) \$ (246) \$ (90)	acking Acct 10.75% 2.24% 0.1867% 0.0895% 0.0995% 0.09		4.0	๛๛๛ ๛๛๛	₩ ₩	₩
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2) \$ (25,155) \$ (33,914) % 0.8958% 0.8958% 7) \$ (225) \$ (304) 8) \$ (225) \$ (304) 8) \$ (234) \$ 5,765 8) \$ (33,914) \$ (34,417) 1 \$ 39,094 \$ 37,144 - \$ 5,904 - \$ 5,904 - \$ 5,904 - \$ 5,904 - \$ 37,144 - \$ 2,023 \$ 2,117 - \$ 73 \$ 69 - \$ 3,734 \$ 35,096 - \$ 3,734 \$ 35	## 40,010 \$ 42,943 \$ (9,662) \$ (25,155) \$ (33,914) acking Acct 10.75% 2.24% 0.1867% 0.867% 0.8958% 0.8959% 0.8959% 0.1867% 0.		£ . % 6 0 m m	5 1 % 1 % C	~ ~	\$
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2) \$ (25,155) \$ (33,914) % 0.8958% 0.8958% 7) \$ (225) \$ (304) 8) \$ (225) \$ (304) 8) \$ (234) \$ 5,765 8) \$ (33,914) \$ (34,417) 1 \$ 39,094 \$ 37,144 - \$ 5,904 - \$ 5,904 - \$ 5,904 - \$ 5,904 - \$ 37,144 - \$ 2,023 \$ 2,117 - \$ 73 \$ 69 - \$ 3,734 \$ 35,096 - \$ 3,734 \$ 35	## 40,010 \$ 42,943 \$ (9,662) \$ (25,155) \$ (33,914) acking Acct 10.75% 2.24% 0.1867% 0.867% 0.8958% 0.8959% 0.8959% 0.1867% 0.		* * * * *	, , , , , , , , , , , , , , , , , , ,	\$ \$	\$
2) \$ (25,155) \$ (33,914) % 0.8958% 0.8958% 7) \$ (225) \$ (304) 8) \$ (225) \$ (304) 8) \$ (234) \$ 5,765 8) \$ (33,914) \$ (34,417) 1 \$ 39,094 \$ 37,144 - \$ 5,904 - \$ 5,904 - \$ 5,904 - \$ 5,904 - \$ 37,144 - \$ 2,023 \$ 2,117 - \$ 73 \$ 69 - \$ 3,734 \$ 35,096 - \$ 3,734 \$ 35	## 40,010 \$ 42,943 \$ (9,662) \$ (25,155) \$ (33,914) acking Acct 10.75% 2.24% 0.1867% 0.867% 0.8958% 0.8959% 0.8959% 0.1867% 0.	Jun	(34,417 - 2,89589 (308 32,109 7,337 (9,953	35,096 - 0.18679 66 2,605 32,557	22,603	(246
Apr Mi 2) \$ (25,155) \$ (33 	acking Acct 10.75% 2.24% 0.1867% 0.8958% 0.89		** ***	••••••••	₩ ₩	\$
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Feb Mar Apr Apr Apr 42,943 \$ (9,662) \$ (25,15) \$ (42,494) \$ (9,662) \$ (25,15) \$ (42,494) \$ (10,494)	acking Acct \$ 40,010 acking Acct 10.75% 2.24% 0.1867% \$ 2,858 st 42,943 acking Account cking Acct \$ 10.75% 2.24% 0.1867% \$ 10.75% 2.24% 0.1867% \$ 10.75% 2.24% 0.1867% action act		6 86 6 6	***	\$ 6	*
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Feb Mar (9,666	acking Acct \$ 40,010 acking Acct 10.75% 2.24% 0.1867% \$ 2,858 st 42,943 acking Account cking Acct \$ 10.75% 2.24% 0.1867% \$ 10.75% 2.24% 0.1867% \$ 10.75% 2.24% 0.1867% action act		5 8 8 3 % 7 5	8 4 4 4	6 6	\$
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Feb. 42,945	acking Acct \$ 40,010 acking Acct 10.75% 2.24% 0.1867% \$ 2,858 st 42,943 acking Account cking Acct \$ 10.75% 2.24% 0.1867% \$ 10.75% 2.24% 0.1867% \$ 10.75% 2.24% 0.1867% action act		** ***	_	↔	Relea 4
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	acking Acct \$ Collection \$ St acking Account \$ Cking Acct \$ Ge Accts \$ St acking Account \$ St acking Account \$ St acking Acct \$ St	_	** ***	4 0 4	₩ ₩	¢ ve Sta
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ROE short Term t Rate Debt on 75% 2.24% on 75% 2.24% on 75% 2.24% rate contained in the rm debt rate	g Balance g Balance g Balance Interest Rate interest Rate interest Rate interest Rate interest Rate lance with Interest al Component Tracking Account g Balance with Interest GOMP For Com Tracking Acct Old PSA & Surcharge Accts Interest Rate is alance with Interest s lance with Interest is alance with Interest is alance with Interest is alance with Interest inte	ort Term Debt	2.24%	2.24%	1 H	ained in the ste
# t t t	g Balance 2009 Hist Comp Tracking Acct Interest Rate ² 10.7i Interest Rate ³ 10.7i Interest Rate Interest Balance 2009 For Com Tracking Accoun g Balance Con Tracking Acct Old PSA & Surcharge Acct Cold PSA & Surcharge Acct Interest Rate ³ Interest Rate ⁴ Interest Rate ⁴ Interest Rate ⁵ Interest Rate ⁵ Interest Rate ⁶ Increase with Interest Is alance I Monthly Interest I Monthly Interest I Rate of Return on Equity or short term of debt rate obtained from Company 10-Ks	∷ ate	%5	, t		e cont debt ra
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king cking cking cking and M	g Balance 2009 Hist Comp Tra Interest Rate² Interest Rate² Interest Rate² Interest Balance with Interest g Balance with Interest g Balance Trad Old PSA & Surcharg Interest Rate² is alance with Interest s lance with Interest Nominal Treasury Const Nominal Treasury Const Alate of Return on Equ debt rate obtained from		king cking clied	cking sing see Acc		ant M. Ity or I Com
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Analysis of Staff's Proposed Interest Rate Calculations Monthly PSA Balance - 2009 (\$ in thousands)

CHART 3a: Based on December 31, 2009 PSA Report, p.10 of 11

Total	Interest	<u> </u>		(167)	
•		(P) (51,203) - 0.0308% (17) (5,285) 10,079 (66,584)	0.0308% (4) 507 (13,728)	TOTAL INT (21) \$ (167)	
	Nov	(9) (P) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1	(12,704) \$ - \$ - \$ 0.0308%	\$ (61)	
	Oct	(m) (40,162) \$ 0.0308% (13) \$ 7,537 \$ 11,774 \$	(12,085) \$ - \$ - \$ 0.0308% (4) \$ (12,704) \$	\$ (11)	
	Sep	(1) (1) (1) (12) (12) (12) (13) (14) (14) (14) (16) (16) (17) (17) (17) (18) (18) (19) (19) (19) (19) (19) (19) (19) (19	(11,293) \$ - \$ 5 0.0308% (4) \$ 788 \$ 5 (12,085) \$	\$ (35,247) \$	
	Aug	(k) \$ (42,253) \$ \$ 0.0308% 0.0308% \$ 13,674 \$ \$ 15,674 \$ \$ (35,332) \$	\$ (10,499) \$ (1 \$ - \$ \$ 0.0308% 0. \$ (3) \$ \$ (11,293) \$ (3)	\$ (17)	
	Jul	(d) (e) (f) (m) (o) (h) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	\$ 16,627 \$ 14,458 \$ (7,544) \$ (7,825) \$ (8,488) \$ (9,053) \$ (9,692) \$ (10,499) \$ (11,293) \$ (12,085) \$ (12,704) \$ (13,216) \$ \$ \$. \$. \$. \$. \$. \$. \$. \$. \$	(3,430) \$ (26,955) \$ (43,548) \$ (54,425) \$ (52,727) \$ (52,721) \$ (10,027) \$ (52,647) \$ (54,677) \$ (57,677) \$ (
	Jun	(9) (1) (1) (25,723) \$ (45,937) \$ (49,262) \$ (5,93108) \$ (11) \$ (11) \$ 7,685 \$ 8,373 \$ 9,126 \$ 10,995 \$ 12,646 \$ (45,937) \$ (49,262) \$ (53,551)	\$ (9,053) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	\$ (b3,242) \$ (19)	
	Мау	(h) \$ (45,937) \$ 0.0308% \$ 7,685 \$ 10,995 \$ (49,262)	\$ (8,488) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	\$ (58,315) \$ (18)	
	Apr	(9) \$ (35,723) \$ 0.0308% \$ (11) \$ (1,077) \$ 9,126 \$ (45,937)	\$ (7,825) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	\$ (54,425)	,
	Mar	(19,888) \$ (19,411) \$ (35,723) \$ 19,888 \$ - \$ - \$ - \$ 6,00308% 0.0308% 0.0308% (6) \$ (11) \$ (9,699) \$ (6,987) \$ (11) \$ 9,712 \$ 9,319 \$ 9,126 \$ (13,411) \$ (35,723) \$ (45,937) \$	\$ (7,544) \$ \$ - \$ \$ 0.0308% 0 \$ 278 \$ \$ (7,825) \$	55) \$ (43,548)	
	Feb	(e) \$ (19,888) \$ 19,888 0.0308% \$ 9,712 \$ 9,712 \$ (19,411)	\$ 14,458 \$ (\$ (19,88) \$ \$ (19,88) \$ \$ (1,607) \$ \$ (0.308% 0.0) \$ \$ (2) \$ \$ \$ 505 \$ \$ \$ \$ (7,544) \$ (\$ (26,955)	·
	Jan		\$ 16,627 \$ - \$ 0.0308% \$ 2,175 \$ 14,458	\$ (5,430)	1
	Change				
Annual	Interest Rate Ch	(b) ng Account king Acct 0.3700%	ring Account ng Acct Accts 0.3700%		
	Line Mo Darraption	Forward Component Tracking Account Beginning Balance Kers to 2009 Histl Comp Tracking Acct Monthly Interest Rate ¹ Post-Sharing (Over)/Under Collection Collections Ending Balance with Interest	Historical Component Tracking Account B Beginning Balance White Strip (2009 for Com Tracking Act White Strip (2009 for Com Tracking Act Monthly Interest Rate (3.3700 Monthly Interest (3.3700 Month	15 Combined Balance	16 Combined Monthly Interest
	Line	11 2 2 2 2 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	8 9 10 11 12 13	15	16

CHART 3b: Based on Chart 1 above except Interest recalculated at proposed rates

			OTAL INT	\$ (4,840)	\$ (4,673)
Dec	\$ (54,471) \$ 0.8958% \$ (488) \$ (5,285) \$ 10,079 \$ (70,323)	(14,028) - 0.8958% (126) 507 (14,661)	(84,984)	(614)	(283)
Nov	47,271) \$ - \$.8958% (423) \$ 2,740 \$ 9,516 \$ 54,471) \$	13,399) \$	68,499) \$	(544) \$	(222)
Oct	\$ (2,448) \$ (19,909) \$ (19,411) \$ (35,891) \$ (46,415) \$ (50,141) \$ (54,863) \$ (44,039) \$ (37,498) \$ (42,652) \$ (47,271) \$ (54,471) \$ (54,471) \$ (5,461) \$ (3	\$ 16,627 \$ 14,467 \$ (7,560) \$ (7,560) \$ (8,637) \$ (9,276) \$ (9,995) \$ (10,889) \$ (11,777) \$ (12,671) \$ (13,399) \$ (14,028) \$ (14,028) \$ (11,777) \$ (12,671) \$ (13,399) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,028) \$ (14,056) \$ (14,028	(5,442) \$ (26,971) \$ (43,797) \$ (55,052) \$ (59,417) \$ (64,859) \$ (54,928) \$ (49,276) \$ (55,323) \$ (60,671) \$ (68,499) \$ (64,984)	(242) \$ (392) \$ (493) \$ (532) \$ (581) \$ (492) \$ (441) \$ (496) \$ (544) \$ (614) \$ (4,840)	(378) \$ (476) \$ (513) \$ (560) \$ (475) \$ (425) \$ (479) \$ (525) \$ (593) \$ (4,673)
Sep	7,498) \$ (6 - \$ 3958% 0. (336) \$ 0,078 \$ 4,896 \$ 2,652) \$ (4	1,777) \$ (777,1 - \$ 3958% 0, (106) \$ 788 \$ 788 \$	5,323) \$ ((441) \$	(425) \$
Ñ	8. 8. 8. 8. 8. 8. 8. 8. 8. 8. 8. 8. 8. 8	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	\$ (5	₩.	₩.
Aug	1 (44,039) 0.8958% 1 (395) 22,609 1 15,674 1 (37,498)	(10,889) - 0.8958% (198) 791 (11,777)	\$ (49,276)	(492)	\$ (475)
Jul	0.8958% (491) 26,421 15,105 (44,039)	(9,995) - 0.8958% (90) 804 (10,889)	(54,928)	(581)	(260)
Jun Jul	(2,448) \$ (19,909) \$ (19,411) \$ (35,891) \$ (46,415) \$ (50,141) \$ (54,863) \$ (44,039) \$ (37,498) \$ ((9,276) \$ 0.8958% (83) \$ 636 \$ (9,995) \$	(64,859)	(233)	(513) \$
May	46,415) \$ + - \$ 8958% (416) \$ 7,685 \$ 10,995 \$ 50,141) \$	(8,637) \$ - \$ - \$ - \$ - (77) \$ - 562 \$ - (9,276) \$	59,417) \$	(493) \$	(476) \$
	(35,891) \$ (4 - \$ 0.8958% 0 (322) \$ (1,07) \$ 9,126 \$ 9,126 \$ (46,415) \$ (5)	906) \$ - \$ 58% 0. (71) \$ 660 \$	052) \$ (\$ (266)	(378) \$
Apr	\$ (35, \$ 0.89 \$ (1, \$ 46,	\$ (7, \$ 0.89	\$ (55,	€-	*
Mar	(19,411) 0.8958% (174) (6,987) 9,319 (35,891)	\$ - \$ (0.8958% C(8) \$ \$ - \$ (68) \$ (68) \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278 \$ \$ 278	(43,797)		(233) \$
	3% \$ 111 \$ \$ 111 \$ \$	57 \$ \$ 29) \$ \$ \$ 60) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	71) \$	\$ (9)	(4)
Feb	(2,448) \$ (19,909) \$ (19,909) \$ (10,909) \$ (10,908) \$ (11,306) \$ (11,306) \$ (10,909) \$ (11,909) \$ (19,411) \$ (19,411) \$	16,627 \$ 14,467 \$	\$ (26,9	\$ (2)	(12) \$
Jan	(2,448) 0.8958% (11,306) (11,306) (11,909)	16,627 0.0908% 15,175 14,467	(5,442	(Z)	(12)
Short Term Debt	8	1.09%	171		
ROE 3		ing Account g Acct Accts 10.75%			
	Forward Component Tracking Account Beginning Balance Xfers to 2009 Hist Comp Tracking Act Monthly Interest Rate Monthly Interest Post-Sharing (Over)/Under Collection Collections Ending Balance with Interest	Historical Component Tracking Account Beginning Balance Xfers fr/ 2009 For Com Tracking Acct Xfers fr/ 2009 For Com Tracking Acct Monthly Interest Rate ² 10.75 Collections Ending Balance with Interest	31 Combined Balance	32 Combined Monthly Interest	
	17 B 118 X 119 M 20 M 20 M 22 C 22 C 23 E 23	24 B B 25 X 25 X 27 X 27 Z 28 W 29 C 29	31 C	32 C	

ince-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15

Authorized Rate of Return on Equity or short term debt rate
Short term debt rate obtained from Company 10-Ks